

PANORAMA COMMUNITY SCHOOL DISTRICT
PANORA, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

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PANORAMA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2006 Election)		
Cheryl Castile	President	2006
Carol Wendl	Vice President	2008
Scott Fredrickson	Board Member	2007
Alisa Clark	Board Member	2006
Tom Arganbright	Board Member	2008
<u>Board of Education</u>		
(After September 2006 Election)		
Scott Fredrickson	President	2007
Tom Arganbright	Vice President	2008
Robert Meinecke	Board Member	2009
Tina Nepstad-Thornberry	Board Member	2009
Carol Wendl	Board Member	2008
<u>School Officials</u>		
John Millhollin	Superintendent	2007
Sheila Wooldridge	District Secretary/Treasurer	2007
Rick Engel	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Panorama Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panorama Community School District, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panorama Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2008 on our consideration of Panorama Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 40 through 41 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented Management's Discussion and Analysis which introduces the basic financial statements by presenting certain financial information, as well as management's analytical insights on that information, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panorama Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
January 29, 2008

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Basic Financial Statements

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 1,977,230	\$ 23,014	\$ 2,000,244
Receivables:			
Property tax:			
Current year	40,018	-	40,018
Succeeding year	2,874,000	-	2,874,000
Income surtax	267,342	-	267,342
Accounts	62,387	-	62,387
Due from other governments	149,914	-	149,914
Inventories	-	5,005	5,005
Restricted ISCAP assets (note 4):			
Investments	1,084,841	-	1,084,841
Accrued interest receivable	10,570	-	10,570
Capital assets, net of accumulated depreciation (note 5)	6,042,416	51,415	6,093,831
Total assets	12,508,718	79,434	12,588,152
Liabilities			
Accounts payable	221,541	-	221,541
Salaries and benefits payable	609,078	18,057	627,135
Accrued interest payable	19,726	-	19,726
ISCAP warrants payable (note 4)	1,087,000	-	1,087,000
ISCAP accrued interest payable (note 4)	8,367	-	8,367
ISCAP unamortized premium (note 4)	6,157	-	6,157
Deferred revenue:			
Succeeding year property tax	2,874,000	-	2,874,000
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	77,888	-	77,888
Bonds payable	370,000	-	370,000
Special assessment payable	7,612	-	7,612
Portion due after one year:			
Early retirement	42,256	-	42,256
Bonds payable	3,170,000	-	3,170,000
Special assessment payable	22,832	-	22,832
Compensated absences	39,367	-	39,367
Total liabilities	8,555,824	18,057	8,573,881

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 2,502,416	\$ 51,415	\$ 2,553,831
Restricted for:			
Management levy	45,652	-	45,652
Physical plant and equipment levy	154,414	-	154,414
Other special revenue purposes	52,999	-	52,999
Capital projects	671,904	-	671,904
Unrestricted	525,509	9,962	535,471
Total net assets	\$ 3,952,894	\$ 61,377	\$ 4,014,271

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 4,663,663	\$ 405,934	\$ 951,834	\$ -
Support services:				
Student services	143,624	-	-	-
Instructional staff services	194,186	-	-	-
Administration services	681,852	-	-	-
Operation and maintenance of plant services	565,078	3,433	-	-
Transportation services	421,026	584	-	-
	<u>2,005,766</u>	<u>4,017</u>	<u>-</u>	<u>-</u>
Non-instructional programs	<u>17,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	145,400	66,374	-	25,000
Long-term debt interest and fiscal charges	117,504	-	-	-
AEA flowthrough	240,115	-	240,115	-
Depreciation (unallocated) *	161,659	-	-	-
	<u>664,678</u>	<u>66,374</u>	<u>240,115</u>	<u>25,000</u>
Total governmental activities	<u>7,351,998</u>	<u>476,325</u>	<u>1,191,949</u>	<u>25,000</u>
Business-Type Activities:				
Non-instructional programs:				
Food service operations	<u>308,023</u>	<u>160,766</u>	<u>118,526</u>	<u>-</u>
Total	\$ 7,660,021	\$ 637,091	\$ 1,310,475	\$ 25,000

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (3,305,895)	\$ -	\$ (3,305,895)
(143,624)	-	(143,624)
(194,186)	-	(194,186)
(681,852)	-	(681,852)
(561,645)	-	(561,645)
(420,442)	-	(420,442)
(2,001,749)	-	(2,001,749)
(17,891)	-	(17,891)
(54,026)	-	(54,026)
(117,504)	-	(117,504)
-	-	-
(161,659)	-	(161,659)
(333,189)	-	(333,189)
(5,658,724)	-	(5,658,724)
-	(28,731)	(28,731)
(5,658,724)	(28,731)	(5,687,455)

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Functions/Programs

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Income surtax

Local option sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ 2,435,117	\$ -	\$ 2,435,117
483,489	-	483,489
283,801	-	283,801
295,816	-	295,816
458,012	-	458,012
2,601,567	-	2,601,567
56,398	1,499	57,897
99,224	-	99,224
6,713,424	1,499	6,714,923
1,054,700	(27,232)	1,027,468
2,898,194	88,609	2,986,803
<u>\$ 3,952,894</u>	<u>\$ 61,377</u>	<u>\$ 4,014,271</u>

PANORAMA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	\$ 893,019	\$ 679,432	\$ 404,779	\$ 1,977,230
Receivables:				
Property tax:				
Current year	29,095	-	10,923	40,018
Succeeding year	2,061,000	-	813,000	2,874,000
Income surtax	267,342	-	-	267,342
Interfund receivable (note 3)	-	-	8,690	8,690
Accounts	62,387	-	-	62,387
Due from other governments	57,014	92,900	-	149,914
Restricted ISCAP assets (note 4):				
Investments	1,084,841	-	-	1,084,841
Accrued interest receivable	10,570	-	-	10,570
Total assets	<u>\$ 4,465,268</u>	<u>\$ 772,332</u>	<u>\$ 1,237,392</u>	<u>\$ 6,474,992</u>

PANORAMA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 112,055	\$ 100,428	\$ 9,058	\$ 221,541
Salaries and benefits payable	609,078	-	-	609,078
Interfund payable (note 3)	8,690	-	-	8,690
ISCAP warrants payable (note 4)	1,087,000	-	-	1,087,000
ISCAP accrued interest payable (note 4)	8,367	-	-	8,367
ISCAP unamortized premium (note 4)	6,157	-	-	6,157
Deferred revenue:				
Succeeding year property tax	2,061,000	-	813,000	2,874,000
Other	267,342	-	-	267,342
Total liabilities	<u>4,159,689</u>	<u>100,428</u>	<u>822,058</u>	<u>5,082,175</u>
Fund balance:				
Reserved for:				
Debt service	-	-	17,114	17,114
Unreserved:				
Reported in nonmajor Special Revenue Funds	-	-	398,220	398,220
Undesignated	305,579	671,904	-	977,483
Total fund balances	<u>305,579</u>	<u>671,904</u>	<u>415,334</u>	<u>1,392,817</u>
Total liabilities and fund balances	<u>\$ 4,465,268</u>	<u>\$ 772,332</u>	<u>\$ 1,237,392</u>	<u>\$ 6,474,992</u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2007

Total fund balances of governmental funds	\$	1,392,817
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,042,416
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Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		267,342
--	--	---------

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(19,726)
--	--	----------

Long-term liabilities, including bonds and special assessments payable, early retirement, and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(3,729,955)</u>
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Net assets of governmental activities	\$	<u><u>3,952,894</u></u>
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See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 2,521,387	\$ 458,012	\$ 946,512	\$ 3,925,911
Tuition	192,374	-	-	192,374
Other	178,433	56,991	205,583	441,007
State sources	3,173,976	-	631	3,174,607
Federal sources	607,518	-	25,000	632,518
Total revenues	6,673,688	515,003	1,177,726	8,366,417
Expenditures:				
Current:				
Instruction	4,371,004	-	241,106	4,612,110
Support services:				
Student services	143,624	-	-	143,624
Instructional staff services	191,523	-	2,663	194,186
Administration services	649,260	-	-	649,260
Operation and maintenance of plant services	439,982	-	119,271	559,253
Transportation services	382,299	-	66,425	448,724
	1,806,688	-	188,359	1,995,047
Non-instructional programs	17,891	-	-	17,891
Other expenditures:				
Facilities acquisition	-	168,600	92,249	260,849
Long term debt:				
Principal	-	-	365,000	365,000
Interest and fiscal charges	-	-	119,005	119,005
AEA flowthrough	240,115	-	-	240,115
	240,115	168,600	576,254	984,969
Total expenditures	6,435,698	168,600	1,005,719	7,610,017
Excess of revenues over expenditures	237,990	346,403	172,007	756,400

PANORAMA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources:				
Sale of equipment	\$ 4,886	\$ -	\$ -	\$ 4,886
Compensation for loss of capital assets	-	-	7,268	7,268
Total other financing sources	<u>4,886</u>	<u>-</u>	<u>7,268</u>	<u>12,154</u>
Net change in fund balances	242,876	346,403	179,275	768,554
Fund balances beginning of year	<u>62,703</u>	<u>325,501</u>	<u>236,059</u>	<u>624,263</u>
Fund balances end of year	<u>\$ 305,579</u>	<u>\$ 671,904</u>	<u>\$ 415,334</u>	<u>\$ 1,392,817</u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ 768,554

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 193,653	
Depreciation expense	<u>(232,436)</u>	(38,783)

Income surtax revenue not received until several months after the District's fiscal year ends is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 28,127

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 372,612

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 1,501

Some expenses reported in the Statement of Activities, including early retirement and compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (77,311)

Change in net assets of governmental activities \$ 1,054,700

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2007

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 23,014
Inventories	5,005
Capital assets, net of accumulated depreciation	<u>51,415</u>
Total assets	<u>79,434</u>
Liabilities	
Salaries and benefits payable	<u>18,057</u>
Net Assets	
Invested in capital assets	51,415
Unrestricted	<u>9,962</u>
Total net assets	<u>\$ 61,377</u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2007

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>160,766</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	80,346
Benefits	24,396
Purchased services	4,566
Supplies	188,521
Depreciation	10,039
Other	<u>155</u>
	<u>308,023</u>
Operating loss	<u>(147,257)</u>
Non-operating revenues:	
Interest on investments	1,499
State sources	4,143
Federal sources	<u>114,383</u>
Total non-operating revenues	<u>120,025</u>
Change in net assets	(27,232)
Net assets beginning of year	<u>88,609</u>
Net assets end of year	\$ <u><u>61,377</u></u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 160,395
Cash received from miscellaneous operating activities	371
Cash payments to employees for services	(103,602)
Cash payments to suppliers for goods or services	<u>(176,485)</u>
Net cash used by operating activities	<u>(119,321)</u>
Cash flows from non-capital financing activities:	
State grants received	4,143
Federal grants received	<u>98,479</u>
Net cash provided by non-capital financing activities	<u>102,622</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(18,717)</u>
Cash flows from investing activities:	
Interest on investments	<u>1,499</u>
Net decrease in cash and cash equivalents	(33,917)
Cash and cash equivalents beginning of year	<u>56,931</u>
Cash and cash equivalents end of year	\$ <u><u>23,014</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (147,257)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	10,039
Commodities used	15,904
Decrease in inventories	853
Increase in salaries and benefits payable	<u>1,140</u>
Net cash used by operating activities	\$ <u><u>(119,321)</u></u>
Non-cash investing, capital and financing activities:	
During the year ended June 30, 2007, the District received \$15,904 of federal commodities.	

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2007

	Private Purpose Trust
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>161,734</u>
Liabilities:	
None	<u>-</u>
Net assets:	
Reserved for scholarships	\$ <u><u>161,734</u></u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2007

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>5,441</u>
Deductions:	
Support services:	
Scholarships awarded	<u>9,254</u>
Change in net assets	(3,813)
Net assets beginning of year	<u>165,547</u>
Net assets end of year	\$ <u><u>161,734</u></u>

See notes to financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies

Panorama Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Panora, Iowa, portions of the Cities of Bagley, Yale, and Jamaica, Iowa and agricultural territory in Guthrie, Dallas, and Greene Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Panorama Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Panorama Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Guthrie County Assessor's Conference Board.

The District also appoints a voting majority of the Panorama Community School District Foundation board, which is considered a related organization.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2007 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused sick leave for subsequent use or for partial payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 2. Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
	<u> </u>
Diversified Portfolio	\$ <u>457</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Receivables and Payables

At June 30, 2007, the interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue:		
Management Levy	General	\$ 6,575
Physical Plant and Equipment Levy	General	<u>2,115</u>
Total		\$ <u>8,690</u>

The interfund balances are reimbursements from the General Fund that have not been paid yet. The balances are not included on the District-wide Statement of Net Assets.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2006-07A	6/28/2006	6/28/2007	\$ -	\$ 138	\$ -	\$ -	-
2006-07B	1/26/2007	1/25/2008	453,840	10,243	455,000	8,212	1,467
2007-08A	6/27/2007	6/27/2008	631,001	189	632,000	155	4,690
Total			<u>\$ 1,084,841</u>	<u>\$ 10,570</u>	<u>\$ 1,087,000</u>	<u>\$ 8,367</u>	<u>\$ 6,157</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2006-07A	\$ -	\$ 225,000	\$ 225,000	\$ -

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 4. Iowa Schools Cash Anticipation Program (ISCAP) (continued)

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2006-07A	4.50%	5.676%
2006-07B	4.25%	5.315%
2007-08A	4.50%	5.455%

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 79,750	\$ -	\$ -	\$ 79,750
Capital assets being depreciated:				
Buildings	7,024,224	107,837	-	7,132,061
Improvements other than buildings	609,234	-	3,102	606,132
Furniture and equipment	939,023	85,816	50,950	973,889
Total capital assets being depreciated	<u>8,572,481</u>	<u>193,653</u>	<u>54,052</u>	<u>8,712,082</u>
Less accumulated depreciation for:				
Buildings	1,638,027	146,085	-	1,784,112
Improvements other than buildings	245,941	32,846	3,102	275,685
Furniture and equipment	687,064	53,505	50,950	689,619
Total accumulated depreciation	<u>2,571,032</u>	<u>232,436</u>	<u>54,052</u>	<u>2,749,416</u>
Total capital assets being depreciated, net	<u>6,001,449</u>	<u>(38,783)</u>	<u>-</u>	<u>5,962,666</u>
Governmental activities capital assets, net	<u>\$ 6,081,199</u>	<u>\$ (38,783)</u>	<u>\$ -</u>	<u>\$ 6,042,416</u>

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 134,641	\$ 18,717	\$ -	\$ 153,358
Less accumulated depreciation	<u>91,904</u>	<u>10,039</u>	<u>-</u>	<u>101,943</u>
Business-type activities capital assets, net	<u>\$ 42,737</u>	<u>\$ 8,678</u>	<u>\$ -</u>	<u>\$ 51,415</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	\$ 20,033
Support services:	
Administration	6,192
Operation and maintenance of plant services	5,825
Transportation	<u>38,727</u>
	<u>70,777</u>
Unallocated depreciation	<u>161,659</u>
Total governmental activities depreciation expense	<u>\$ 232,436</u>
Business-type activities:	
Food service operations	<u>\$ 10,039</u>

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Early Retirement	General Obligation Bonds	Special Assessment	Compensated Absences	Total
Balance beginning of year	\$ 82,200	\$ 3,905,000	\$ 38,056	\$ -	\$ 4,025,256
Additions	84,512	-	-	39,367	123,879
Reductions	46,568	365,000	7,612	-	419,180
Balance end of year	<u>\$ 120,144</u>	<u>\$ 3,540,000</u>	<u>\$ 30,444</u>	<u>\$ 39,367</u>	<u>\$ 3,729,955</u>
Due within one year	<u>\$ 77,888</u>	<u>\$ 370,000</u>	<u>\$ 7,612</u>	<u>\$ -</u>	<u>\$ 455,500</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is equal to 40% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. Early retirement benefits will be paid in two equal annual payments in October following the start of retirement.

At June 30, 2007, the District has obligations to eleven participants with a total liability of \$120,144. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$46,568. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 6. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 370,000	\$ 111,505	\$ 481,505
2009	380,000	102,995	482,995
2010	390,000	93,020	483,020
2011	400,000	81,710	481,710
2012	410,000	69,310	479,310
2013	430,000	55,985	485,985
2014	440,000	41,580	481,580
2015	460,000	26,180	486,180
2016	260,000	9,620	269,620
	<u>\$ 3,540,000</u>	<u>\$ 591,905</u>	<u>\$ 4,131,905</u>

Special Assessments

The District was assessed \$86,000 for street construction in the year ended June 30, 2000. The assessment is payable in annual installments plus interest of 5.0% per year on the unpaid balance. Details of the District's June 30, 2007 indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 7,612	\$ 1,522	\$ 9,134
2009	7,612	1,142	8,754
2010	7,612	762	8,374
2011	7,608	379	7,987
	<u>\$ 30,444</u>	<u>\$ 3,805</u>	<u>\$ 34,249</u>

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006, and 2005. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$214,713, \$208,035, and \$191,604, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Panorama Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$240,115 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Subsequent Event

On December 1, 2007, the District issued \$660,000 in general obligation bonds. Proceeds from the issuance are to be used to remodel and repair the existing school buildings. The bonds will be paid over eight years with interest rates ranging from 3.55% to 4.15%.

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Required Supplementary Information

PANORAMA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2007

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 4,559,292	\$ 162,265	\$ 4,721,557	\$ 4,134,897	\$ 4,134,897	\$ 586,660
State sources	3,174,607	4,143	3,178,750	3,177,823	3,177,823	927
Federal sources	632,518	114,383	746,901	360,000	360,000	386,901
Total revenues	8,366,417	280,791	8,647,208	7,672,720	7,672,720	974,488
EXPENDITURES:						
Instruction	4,612,110	-	4,612,110	5,020,385	5,370,385	758,275
Support services	1,995,047	-	1,995,047	1,985,750	1,985,750	(9,297)
Non-instructional programs	17,891	308,023	325,914	415,088	415,088	89,174
Other expenditures	984,969	-	984,969	1,317,626	1,317,626	332,657
Total expenditures	7,610,017	308,023	7,918,040	8,738,849	9,088,849	1,170,809
Excess (deficiency) of revenues over (under) expenditures	756,400	(27,232)	729,168	(1,066,129)	(1,416,129)	2,145,297
Other financing sources, net	12,154	-	12,154	2,000	2,000	10,154
Excess (deficiency) of revenues and other financing sources over (under) expenditures	768,554	(27,232)	741,322	(1,064,129)	(1,414,129)	2,155,451
Balance beginning of year	624,263	88,609	712,872	1,486,704	1,486,704	(773,832)
Balance end of year	\$ 1,392,817	\$ 61,377	\$ 1,454,194	\$ 422,575	\$ 72,575	\$ 1,381,619

See accompanying independent auditor's report.

PANORAMA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except private-purpose trust funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$350,000.

During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

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Other Supplementary Information

PANORAMA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Assets					
Cash and pooled investments	\$ 150,326	\$ 52,999	\$ 189,761	\$ 11,693	\$ 404,779
Receivables:					
Property tax:					
Current year	2,320	-	3,182	5,421	10,923
Succeeding year	154,000	-	248,000	411,000	813,000
Interfund receivable	6,575	-	2,115	-	8,690
Total assets	<u>\$ 313,221</u>	<u>\$ 52,999</u>	<u>\$ 443,058</u>	<u>\$ 428,114</u>	<u>\$ 1,237,392</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 9,058	\$ -	\$ 9,058
Deferred revenue:					
Succeeding year property tax	154,000	-	248,000	411,000	813,000
Total liabilities	<u>154,000</u>	<u>-</u>	<u>257,058</u>	<u>411,000</u>	<u>822,058</u>
Fund equity:					
Fund balances:					
Reserved for:					
Debt service	-	-	-	17,114	17,114
Unreserved:					
Undesignated	159,221	52,999	186,000	-	398,220
Total fund equity	<u>159,221</u>	<u>52,999</u>	<u>186,000</u>	<u>17,114</u>	<u>415,334</u>
Total liabilities and fund equity	<u>\$ 313,221</u>	<u>\$ 52,999</u>	<u>\$ 443,058</u>	<u>\$ 428,114</u>	<u>\$ 1,237,392</u>

See accompanying independent auditor's report.

PANORAMA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2007

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ 179,728	\$ -	\$ 283,614	\$ 483,170	\$ 946,512
Other	-	191,392	14,191	-	205,583
State sources	125	-	187	319	631
Federal sources	-	-	25,000	-	25,000
Total revenues	179,853	191,392	322,992	483,489	1,177,726
Expenditures:					
Current:					
Instruction	36,726	186,235	18,145	-	241,106
Support services:					
Instructional staff services	-	-	2,663	-	2,663
Operation and maintenance of plant services	118,380	-	891	-	119,271
Transportation services	-	-	66,425	-	66,425
Other expenditures:					
Facilities acquisition	-	-	92,249	-	92,249
Long term debt:					
Principal	-	-	-	365,000	365,000
Interest and fiscal charges	-	-	-	119,005	119,005
Total expenditures	155,106	186,235	180,373	484,005	1,005,719
Excess (deficiency) of revenues over (under) expenditures	24,747	5,157	142,619	(516)	172,007
Other financing sources:					
Compensation for loss of capital assets	-	-	7,268	-	7,268
Net change in fund balances	24,747	5,157	149,887	(516)	179,275
Fund balances beginning of year	134,474	47,842	36,113	17,630	236,059
Fund balances end of year	\$ 159,221	\$ 52,999	\$ 186,000	\$ 17,114	\$ 415,334

See accompanying independent auditor's report.

PANORAMA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

Year Ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 22,054	\$ 107,405	\$ 109,865	\$ 19,594
General Resale	(365)	349	217	(233)
Spanish Club	882	-	-	882
TAG	98	-	-	98
Drama	(2)	1,558	1,498	58
Speech	(440)	25	570	(985)
Student Council	(240)	2,670	2,195	235
MS Student Council	67	-	-	67
FCCLA	272	2,010	2,010	272
FFA	3,906	7,355	8,970	2,291
Panther Greenhouse	814	925	1,101	638
Physics Club	10	-	-	10
FCA	82	-	-	82
Art Club	320	1,287	272	1,335
Technology Student Association	698	1,781	1,896	583
Panthers for Prevention	595	1,040	292	1,343
Interest & Savings	2,077	990	303	2,764
Annual	(11,179)	9,145	9,619	(11,653)
Drill Team	(2,034)	8,963	7,042	(113)
Cheerleaders	2,777	5,211	5,836	2,152
Wrestling Cheerleaders	-	1,459	407	1,052
Flags	91	-	205	(114)
Class of 2006	367	-	367	-
Class of 2007	3,570	13,362	15,987	945
Class of 2008	2,806	12,858	10,291	5,373
Class of 2009	2,312	6,412	4,156	4,568
Class of 2010	2,922	72	28	2,966
Class of 2011	4,527	736	-	5,263
Class of 2012	2,241	866	-	3,107
Class of 2013	-	892	-	892
Elementary	8,614	4,021	3,108	9,527
	<u>\$ 47,842</u>	<u>\$ 191,392</u>	<u>\$ 186,235</u>	<u>\$ 52,999</u>

See accompanying independent auditor's report.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 3,925,911	\$ 3,227,265	\$ 2,819,659	\$ 2,914,410
Tuition	192,374	207,560	138,240	133,219
Other	441,007	336,040	329,364	296,759
State sources	3,174,607	3,040,431	2,718,012	2,459,527
Federal sources	632,518	227,920	237,361	241,449
Total revenues	<u>\$ 8,366,417</u>	<u>\$ 7,039,216</u>	<u>\$ 6,242,636</u>	<u>\$ 6,045,364</u>
Expenditures:				
Instruction	\$ 4,612,110	\$ 4,272,017	\$ 3,826,098	\$ 3,629,214
Support services:				
Student services	143,624	149,757	132,387	112,572
Instructional staff services	194,186	175,573	160,567	152,946
Administration services	649,260	566,893	494,065	460,704
Operation and maintenance of plant services	559,253	515,332	424,253	556,604
Transportation services	448,724	506,324	381,046	351,189
Non-instructional programs	17,891	15,771	14,686	-
Other expenditures:				
Facilities acquisition	260,849	100,534	95,157	344,813
Long-term debt:				
Principal	365,000	270,000	255,000	240,000
Interest and fiscal charges	119,005	328,156	344,742	384,697
AEA flowthrough	240,115	224,732	203,470	200,632
Total expenditures	<u>\$ 7,610,017</u>	<u>\$ 7,125,089</u>	<u>\$ 6,331,471</u>	<u>\$ 6,433,371</u>

See accompanying independent auditor's report.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Food Donation (non-cash)	10.550	FY 07	\$ <u>15,904</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 07	14,763
National School Lunch Program	10.555	FY 07	<u>83,716</u>
			<u>98,479</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	5121G	<u>78,421</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 07	<u>6,019</u>
Fund for the Improvement of Education	84.215	FY 07	<u>25,000</u>
Charter Schools	84.282	FY 06	29,256
Charter Schools	84.282	FY 07	<u>350,000</u>
			<u>379,256</u>
State Grants for Innovative Programs	84.298	FY 07	<u>942</u>
Improving Teacher Quality State Grants	84.367	FY 07	<u>37,417</u>
Grants for State Assessments and Related Activities	84.369	FY 07	<u>5,621</u>
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY 07	<u>40,256</u>
Vocational Education - Basic Grants to States	84.048	FY 07	<u>5,678</u>
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	FY 07	<u>47,158</u>
U. S. Corporation for National and Community Service:			
Iowa Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	FY 07	<u>6,750</u>
Total			\$ <u><u>746,901</u></u>

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Panorama Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Panorama Community School District:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Panorama Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Panorama Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panorama Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Panorama Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Panorama Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Panorama Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Panorama Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-07, II-B-07, II-C-07, and II-D-07 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Panorama Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Panorama Community School District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Panorama Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Panorama Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Panorama Community School District and other parties to whom Panorama Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Panorama Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
January 29, 2008

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Board of Education of
Panorama Community School District:

Compliance

We have audited the compliance of Panorama Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Panorama Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Panorama Community School District's management. Our responsibility is to express an opinion on Panorama Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Panorama Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Panorama Community School District's compliance with those requirements.

In our opinion, Panorama Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Panorama Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Panorama Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items III-A-07 and III-B-07 are material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Panorama Community School District and other parties to whom Panorama Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
January 29, 2008

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements, including material weaknesses.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.282 – Charter Schools
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Panorama Community School District did not qualify as a low-risk auditee.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

- II-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the bank deposits, bank reconciliation, and the posting of the cash receipts journal are all done by the same person in the various funds. We also noted that the duties of preparing, signing, recording, and distributing payroll checks are all performed by the same individual.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will investigate available alternatives and implement changes wherever possible. We have implemented some additional review procedures for receipts, collections and deposits.

Conclusion – Response accepted.

- II-B-07 Financial Reporting – During the audit, we identified material amounts of receivables, payables and receipts not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables, payables and receipts are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or receipts.

Conclusion – Response accepted.

- II-C-07 Bank Reconciliation – We noted that bank reconciliations are prepared for each bank account but are not performed timely and are not reconciled to the general ledger. This leads to posting errors remaining undetected and many unrecorded transactions. We noted that \$5,421 of voided checks were included as outstanding checks on the General Fund bank reconciliation and \$110,263 of outstanding checks were not included. We also noted \$66,755 of unrecorded receipts and an unreconciled difference of \$25,566. Adjusting journal entries have been made to the general ledger to record and correct these items.

Recommendation – All bank accounts should be reconciled and tied to the general ledger each month. This allows the District to timely detect and correct errors or omissions.

Response – Bank reconciliations for all accounts will be tied to the general ledger in the future. Any differences will be investigated and corrected timely.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part II: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

- II-D-07 Disbursement Approval – Out of forty-one disbursements tested, the Board had not approved seven disbursements. The Board does have a written policy regarding payment prior to approval for certain types of expenditures. However, these particular payments were not later formally approved by the Board as the policy requires.

Recommendation – The procedures described in the above comment weaken the control that the Board has over disbursements. All disbursements should be approved by the Board.

Chapter 279.29 of the Code of Iowa provides that “the Board shall audit and allow all just claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed.” In accordance with an Attorney General’s opinion dated July 12, 1979, “no claim can be paid until the Board has taken final action on the claim. Logically, no final action can be taken on the claim until all of the specifics of the claim have been examined and verified.”

Chapter 279.30 of the Code of Iowa allows payment of specific items, such as utilities, postage and printing, without prior Board approval. In addition, the Board Secretary, upon documentation of approval by the Board President, may issue warrants for other verified bills prior to Board approval when the Board is not in session. All such bills must then be approved by the Board at the next meeting.

Response – We will review and implement this recommendation.

Conclusion – Response accepted.

- II-E-07 Disbursements – Out of forty-one disbursements tested, seven were not fully supported by an invoice or receipt prior to the check being released for payment.

Recommendation – All disbursements should be adequately supported by an invoice, receipt or other written documentation prior to the check being released for payment.

Response – We will make sure that all future disbursements are properly supported prior to the check being released for payment.

Conclusion – Response accepted.

- II-F-07 Deposits to Bank Account – We noted two out of twenty receipts selected and two receivables that were not deposited to the bank on a timely basis. Some receipts were held undeposited for up to one month.

Recommendation – All receipts should be deposited as soon as possible to safeguard the asset and avoid any possible irregularities and to earn the interest revenue on the public funds. Deposits should be made weekly at a minimum.

Response – We will try to ensure that all receipts are deposited on a timely basis.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part II: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

- II-G-07 Athletic Gate Admissions - The athletic gate admissions and change box are not reconciled with prenumbered tickets.

Recommendation – The District should establish reconciliation procedures for athletic gate admissions. The reconciliation should include the issuance of prenumbered tickets and the reconciling of the change box and admissions to the number of tickets issued.

Response – We will review our present procedures and consider the recommended reconciliation procedures.

Conclusion – Response accepted.

- II-H-07 Fundraisers – Supporting documentation for fundraiser income is being kept by individual activity club sponsors. There are no set procedures in place to review this information for completeness and accuracy other than review by the activity sponsor, who is also responsible for the initial collection of fundraising income.

Recommendation – The District should develop some type of summary form and procedures which would include reviewing supporting documentation for fundraisers in order to account for the completeness and accuracy of revenues recorded. For example, you could have the activity sponsor summarize budgeted, expected, and actual results on a spreadsheet which can be compared to actual fundraising receipts recorded once the fundraiser is completed. Any revenues short or long can then be explained on the form. This form should be reviewed and initialed by either the Activity Director, Principal, or Secretary as applicable. Whoever is reviewing these fundraiser summary forms should also verify in detail the information on a couple of forms each year. This can be done by tracing the information on the form to the supporting documentation kept by the activity sponsor i.e. sales sheets, order forms, etc. We realize verifying every fundraiser would be time consuming so not every fundraiser needs to be verified in detail. Checking a few each year will let the activity sponsors realize that someone may be reviewing their records.

Response – We will review our procedures regarding fundraising activities and consider the recommended procedures.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

CFDA Number 84.282: Charter Schools
Federal Award Year: 2007
U.S. Department of Education
Passed through the Iowa Department of Education

- III-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the bank reconciliation and the posting of the cash receipts journal are all done by the same person. We also noted that the duties of preparing, signing, recording, and distributing payroll checks are all performed by the same individual.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will investigate available alternatives and implement changes wherever possible. We have implemented some additional review procedures for receipts, collections and deposits.

Conclusion – Response accepted.

- III-B-07 Disbursement Approval – Out of twenty-five disbursements tested, the Board had not approved two disbursements.

Recommendation – The procedures described in the above comment weaken the control that the Board has over disbursements. All disbursements should be approved by the Board.

Chapter 279.29 of the Code of Iowa provides that “the Board shall audit and allow all just claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed.” In accordance with an Attorney General’s opinion dated July 12, 1979, “no claim can be paid until the Board has taken final action on the claim. Logically, no final action can be taken on the claim until all of the specifics of the claim have been examined and verified.”

Response – We will review and implement this recommendation.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part III: Findings and Questioned Costs for Federal Awards (continued):

Significant Deficiencies (continued):

III-C-07 Disbursements – Out of twenty-five disbursements tested, four were not fully supported by an invoice or receipt prior to the check being released for payment.

Recommendation – All disbursements should be adequately supported by an invoice, receipt or other written documentation prior to the check being released for payment.

Response – We will make sure that all future disbursements are properly supported prior to the check being released for payment.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-07 Certified Budget – Expenditures for the year ended June 30, 2007, exceeded the amount budgeted in the support services function.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We will amend our budget before expenditures exceed the budget.

Conclusion – Response accepted.

- IV-B-07 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

- IV-C-07 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-07 Business Transactions – No business transactions between the District and District officials or employees were noted.

- IV-E-07 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- IV-F-07 Board Minutes – Except as previously noted in comment II-D-07, no transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

- IV-H-07 Deposits and Investments – We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy. However, the interest rate on a time certificate did not meet the minimum rate of interest set by the State Rate Setting Committee.

Recommendation – The District should be aware of the current allowable rates to insure that at least the minimum rate is received for all investments. The certificate of deposit, when renewed, should be renewed at a rate of interest which conforms with current rates for public funds on the date of renewal.

Response – The certificate will be renewed at an allowable rate. We have contacted the bank and they will reimburse us for the interest difference between the actual rate and the minimum rate.

Conclusion – Response accepted.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-I-07 Certified Annual Report – We noted no material differences on the Certified Annual Report. However, the report was not certified to the Department of Education on a timely basis.
- Recommendation – In the future, the District should certify the Certified Annual Report in a timely manner.
- Response – We will try to certify our Certified Annual Report in a timely manner in the future.
- Conclusion – Response accepted.
- IV-J-07 Financial Condition – We noted that the Special Revenue, Student Activity Fund had some deficit balances within the group of single activity accounts.
- Recommendation – The District needs to monitor the activity accounts more closely and investigate alternatives to eliminate the deficit balances.
- Response – The Board is aware of the condition and is making strides to eliminate deficit accounts.
- Conclusion – Response accepted.
- IV-K-07 Physical Plant and Equipment Levy – The proceeds of taxes levied under Chapter 298.3 of the Code of Iowa were used to purchase several units of equipment that were each less than \$500. Prior year unallowable expenditures which have still not been reimbursed are \$2,115. Current year unallowable expenditures are \$1,500 for golf fees.
- Recommendation – The Physical Plant and Equipment Levy (PPEL) Fund may make expenditures only for the purposes stated in Chapter 298.3 of the Code of Iowa. Equipment may be purchased from the PPEL Fund only if the value of the single unit of equipment exceeds \$500. The General Fund should reimburse the PPEL Fund \$2,115 for the prior years unallowable expenditures. Either the General Fund or the Special Revenue, Student Activity Fund should reimburse the \$1,500 golf fees to the PPEL Fund.
- Response – We will make sure that all future PPEL expenditures comply with the Code of Iowa. We will make corrective transfers from the General Fund and the Student Activity Fund to reimburse these unallowable PPEL expenditures.
- Conclusion – Response accepted.
- IV-L-07 Management Levy – The proceeds of taxes levied under Chapter 298.4 of the Code of Iowa were used to pay early retirement benefits for an individual who was under age 55 at the time of retirement.
- Recommendation – The Management Levy Fund may only pay early retirement benefits for employees within the age range of 55 to 65 years of age at retirement, as stated in Chapter 279.46 of the Code of Iowa. The General Fund should reimburse the Management Levy Fund \$6,575 for this unallowable expenditure.

PANORAMA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-L-07 Management Levy (continued)

Response – We will make a corrective transfer from the General Fund to the Management Levy Fund to reimburse this unallowable management levy expenditure. We will make sure that all future management levy expenditures comply with the Code of Iowa.

Conclusion – Response accepted.

IV-M-07 Student Activity Fund – We noted that a federal grant was recorded in the Student Activity Fund.

Recommendation – All federal grants should be recorded in the General fund, unless specifically stated otherwise in the grant agreement. The Student Activity Fund is only to be used to account for money received from student related activities such as admissions, activity fees, student dues, fundraising events, or other student related cocurricular activities, as stated in the administrative rules of the Iowa Department of Education.

Response – We will properly record this grant in the General Fund in the future.

Conclusion – Response accepted.

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